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FM AMEMBASSY SANTIAGO  
TO RUEHC/SECSTATE WASHDC 5390  
INFO RUEHAC/AMEMBASSY ASUNCION 4141  
RUEHBO/AMEMBASSY BOGOTA 2540  
RUEHBU/AMEMBASSY BUENOS AIRES 1655  
RUEHBR/AMEMBASSY BRASILIA 1075  
RUEHCV/AMEMBASSY CARACAS 2229  
RUEHPE/AMEMBASSY LIMA 6361  
RUEHMN/AMEMBASSY MONTEVIDEO 4547  
RUEHQT/AMEMBASSY QUITO 2571  
RUEAIIA/CIA WASHDC  
RHEFDIA/DIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SANTIAGO 000806

SIPDIS

STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

E.O. 12958: N/A

TAGS: [KMDR](#) [KPAO](#) [PGOV](#) [ECON](#) [PREL](#) [SNAR](#) [EFIN](#) [CI](#)  
SUBJECT: CHILE MEDIA REPORT - AUGUST 26

#### Lead Story

1. The sale of retail products increased 8.8 per cent in July. The sale of clothing shot up 26.1 and shoes 17.4 per cent, spreading optimism in the business sector (Conservative, independent La Tercera, 8/26).

#### U.S.-Related News

2. The Kennedy Amendment was the one issue that marked Ted Kennedy's relationship with Chile and the reason why some admired and others deplored him. The amendment froze U.S. arms sale to Chile during the military regime and up to 1990. Kennedy visited Chile in 1986, to meet with union leaders, politicians, and Catholic Church officials. He had to be taken out of the airport on a helicopter, because demonstrators against his visit had blocked the access to the airport (Conservative, influential newspaper-of-record El Mercurio, 8/26)

3. Photographs and article of the USS Makin Island in its visit to Punta Arenas (Regional daily La Prensa Austral, 8/14).

4. The Council of the Americas will host a dinner for President Bachelet on September 23 in New York during her visit to the U.N. General Assembly (Afternoon daily La Segunda, 8/25).

5. Economist Rolf Luders said that Ben Bernanke's management of the FED prevented the financial crisis in the United States from turning into a new Great Depression. Economist Juan Eduardo Coyeman said Bernanke's decisions generated confidence and helped consolidate the role of the Central Bank in times of crisis (El Mercurio, 8/26).

#### U.S.-Colombia Agreement

6. In a meeting with Chilean Foreign Minister Mariano Fernandez on Monday, Colombian Chancellor Jaime Bermudez said that Bogota has not yet made a decision on the reelection of OAS Secretary General Jose Miguel Insulza. Colombia is in synchrony with the United States in this issue; Some weeks ago Secretary Clinton wrote the Chilean Foreign Ministry a letter saying that the U.S. final decision depending on "Insulza's performance" (El Mercurio, 8/26).

#### Chile-Peru

7. Two days ago, Peruvian President Alan Garcia accused Chile and Bolivia of having a secret agreement to give La Paz access to the sea. Now Garcia said he would demand Chile and Bolivia to reveal

their bilateral agenda at UNASUR on Friday, on the grounds that any decision involving territory that used to belong to Peru should include Lima (El Mercurio, 8/26).

¶8. Colombia filed a formal complaint with the OAS against Venezuelan President Hugo Chavez for his criticism of the U.S.-Bogota military agreement, which it considers an intervention in Bogota's internal affairs (Popular daily it Las Ultimas Noticias, 8/26).

#### Honduras

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¶9. De facto Honduran President Robert Micheletti refused to yield to the requests of the OAS delegation headed by Secretary General Jose Miguel Insulza. In a defiant tone, Micheletti said he does not fear international sanctions and will hold a presidential election on November 29 (La Tercera, 8/26).

#### Ecuador

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¶10. In his meeting with President Bachelet, El Salvador President Mauricio Funes endorsed Bachelet's stance in "condemning the institutional breakdown in Honduras" (Government-owned La Nacion, 8/26).

#### Indigenous Mapuche Conflict

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¶11. The Executive Office is reviewing an initiative it announced in April of last year and that creates the Council of Indigenous Peoples, a 42-member "indigenous parliament" representing all indigenous communities in the country. Council members would be elected for four years with the right to reelection and would be responsible for approving the National Indigenous Policy, monitoring governmental indigenous policy, reviewing all draft bills and budgets related to indigenous affairs, among other things (El Mercurio, 8/26).

¶12. Human Rights Watch-Americas Director Jose Miguel Vivanco expressed concern over the role of military courts in the Mapuche conflict. Yesterday, the Martial Court lifted charges against Mapuche leader Luis Tralca for attempted homicide of a policeman. Tralca, however, still faces charges for illegal possession of weapons and for arson of private property and must remain in prison (La Nacion, 8/26)

SIMONS